

# IEG SPONSORSHIP REPORT

The latest on sports, arts, cause  
and entertainment marketing

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## In Depth

### Watchmakers Find It's Still Time To Sponsor

What a difference two years makes. When *IEG SR* last examined the watch category in the summer of '07, demand for upper-bracket timepieces was driving significant sponsorship activity.

As consumer appetite for luxury purchases has waned along with the economy, those same high-end marketers have taken a hit. The value of Swiss watch imports to the U.S. fell 43 percent during the first seven months of '09 as compared to the year-earlier period, according to the Swiss Watch Federation.

But the good news is that many of those manufacturers continue to sponsor and to even sign new deals, as sponsorship remains a go-to marketing platform.

For example, Rolex Watch U.S.A., Inc. recently signed a new partnership with the season-ending PGA Tour Championship, while Montblanc North America recently became a first-time sponsor of horse racing's Breeders' Cup. Both events take place in November.

In addition, mid-priced watch giant Timex Corp. this summer announced its largest-ever sponsorship: A multiyear, estimated multimillion-dollar partnership with the NFL New York Giants that includes naming rights to the team's training facility and ID on practice jerseys.

Watchmakers: Who Does What continued on page 4

## Results

### Tony's Perfect Game: National Bowling Partnership Produces For Frozen Pizza Brand

As sponsorships and activations go, it's not the most sophisticated, innovative or game-changing partnership around, but the relationship between Schwan's Consumer Brands North America, Inc. and Strike Ten Entertainment proves that all a sponsorship really needs to dramatically move the sales needle is to be properly targeted and deliver value.

Schwan's (*IEG SR*, Jan. 26, 2009) credits its five-month-old sponsorship of Strike Ten's national bowling platform with driving a significant increase in sales for its Tony's frozen pizza brand, prompting the company to explore a larger partnership for '10.

**WHO**  
Tony's Pizza

#### TAKEAWAY

Sponsorship activation that delivers a substantive benefit to the right audience can have major influence on sales.

"Tony's has seen double-digit unit and dollar increases, as well as significant share and velocity gains, during the promotion," said Chad Guillory, the brand's senior marketing manager.

Tony's partnered with Strike Ten in May  
Tony's Pizza continued on page 8

## PROPERTY SECTOR OVERVIEW

### Cash-strapped Governments Explore Muni Marketing Opportunities

While a handful of cities, counties and other types of government bodies have launched municipal marketing programs over the last decade, the struggling economy has prompted renewed interest in public/private partnerships that have the potential to generate revenue to partially offset plummeting tax dollars and help take a bite out of soaring deficits.

"We're seeing an incredible amount of interest, mostly from city and county governments; right now our staff is working 14 bids," said Myles Gallagher, president of sponsorship sales agency The Superlative Group, which specializes in municipal marketing.

Cities with established muni marketing programs say they are receiving more calls from other government entities looking for advice on putting together corporate partnership programs.

"I'm getting a call from at least one city a week asking about starting a program; in the past we received one call every other month," said Jenny Wolff, director of strategic partnerships with The City of San Diego, which launched its corporate partnership program ten years ago.

Municipal Marketing continued on page 2

#### WATCHMAKERS: WHO DOES WHAT

key activations, evaluation criteria and decision-maker contacts for the category's most active sponsors

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#### BRANDED ENTERTAINMENT ROUNDUP

examines expansion of marketing tool and offers insights from industry leaders

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examines key considerations for properties and sponsors involved in green-focused partnerships

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#### ASSERTIONS

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## Assertions

Our story on **municipal marketing** (see p. 1) mentions the **City of Indianapolis'** nascent efforts in that area, including the **hiring of agency Third Street Partners** to develop a sponsorship plan and broker deals with prospective sponsors. The **five-month-old** firm was able to beat out more established agencies for the business, and we're guessing a **big reason** for that—in addition to Third Street's local roots—was its willingness to work **entirely on commission**, with no retainer or expense coverage. According to the city's Web site, the agency will take a **15 percent** commission on deals it lands during the first **two years** of the contract and **10 percent** on sponsorships signed during the final **five months** of the agreement, which expires at the end of '11. The municipal marketing space **may see more** of these types of arrangements because they give government and political leaders **cover** to say they are testing the sponsorship waters at **no risk to taxpayers**. If an all-commission agency doesn't land any deals, the government entity isn't out **five or six figures** in retainer and other fees, and avoids looking wasteful in a time of deep budget cutting. The **downside** for cities and others choosing the **no-cost** route is that it most likely **rules out** working with a **larger agency** with more experience, as **established** sponsorship firms traditionally **do not work on a commission-only** basis unless the property is of such a stature that significant sales are almost guaranteed. Most municipal bodies won't fall in that category for a large firm with **overhead** and other costs to consider. That's not because they don't have compelling benefits to offer, but rather because their **deals usually take a long time** to develop and more importantly, can face **numerous obstacles** from public opinion to bureaucratic inertia that may prevent them from getting done in the end. A **smaller, leaner** agency is in a better position to work without a retainer/expense net because it may be able to make a **profit** strictly off of the "low-hanging fruit" of city deals—pouring, vending and other **sales rights**. It will be interesting to follow Third Street's and Indy's progress in this area and to see if some of the **other municipalities** with current RFPs choose to **follow suit**.

We received word of a sponsorship that **combines muni marketing** and another topic covered in this issue: **green partnerships** (see p. 7). It's noteworthy because of the **variety of partners**—some nontraditional—and its ability to **add value** to the mundane process of on-site recycling. To mark the **Glass Packaging Institute's** current Recycle Glass Week, GPI teamed up with bottled water brand **Voss** and **Tomra of North America**—a manufacturer of recycling equipment—to sponsor daytime concerts last Saturday and this Saturday in New York City's **Madison Square Park**. The deal is activated through the use of three of Tomra's **reverse vending machines** and prizes offered to park visitors who use them to recycle glass, aluminum and plastic beverage containers. In addition, any **refund money** collected from **for-deposit** recycled bottles and cans will be **donated** to the Madison Square Park Conservancy. The deal provides a **win for each party**: GPI gets to **promote glass as environmentally friendly**; Tomra receives a **showcase** for equipment that it would like to sell to other properties; Voss is able to **support its positioning** as a carbon-neutral product; the park receives **recycling services and cash**; and visitors are able to feel good about being green and supporting a city park.

Jim Andrews

Municipal Marketing continued from page 1

### WHO

Municipalities

### TAKEAWAY

Sponsors seek access to sales rights, employees and goodwill-building community programs.

The City of Indianapolis is one of the more recent players on the municipal marketing scene. In late July, the city hired marketing agency Third Street Partners to identify marketable assets and sell deals. The local

agency, which opened its doors in April, was one of 15 firms that responded to the RFP issued by the city that same month.

Other cities exploring partnership opportunities include Chicago, Philadelphia, Pittsburgh, Phoenix and Myrtle Beach, S.C.

In addition to city governments, a growing number of transit agencies are launching sponsorship programs that go beyond ads on buses, trains, shelters and stations.

Case in point: New York City's Metropolitan Transportation Authority in June announced a 20-year, \$200,000-per-year deal with Barclays plc for naming rights to the subway stop at the proposed Barclays Center sports complex in Brooklyn.

"This is the first of what we hope will be similar transactions," said Aaron Donovan, MTA press secretary. "We're looking under every rock to identify additional revenue sources to help balance our budget and reduce pressure for fair and toll increases."

The MTA is developing a sponsorship policy to guide the sale of subway stop naming rights in the future, he added.

The Greater Cleveland Regional Transportation Authority last year signed two local medical systems to cosponsor a new rapid transit vehicle line. The deal calls for The Cleveland Clinic and University Hospitals to pay \$6.25 million over 25 years in exchange for branding on the RTA's HealthLine.

With the struggles of local governments a hot topic, interest in playing a white knight role has risen among marketers seeking ways for their marketing dollars to reap goodwill along with promoting their brands.

KFC Corp. took that interest to a new level this spring, proactively reaching out to five cities and offering to fill potholes in exchange for branding the patches "Refreshed by KFC" in non-permanent chalk. Only its hometown of Louisville participated.

"This program is a perfect example of that rare and optimal

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occurrence when a company can creatively market itself and help local governments and everyday Americans across the country," said Javier Benito, the company's executive vice president of marketing and food innovation, in a statement.

#### **San Diego Program Evolves**

Since launching its program in '99, San Diego has raised more than \$16 million in cash and budget-relieving in-kind revenue.

Following the signing of its first deal with Pepsi Bottling Group, Inc., the city added companies in the wireless, automotive, financial services and automated external defibrillator categories. The city has maintained all of those partnerships with the exception of the auto category.

Instead of selling naming rights to city facilities and sponsorship to events, the city focuses on selling access to municipal employees, retirees and their families, as well as to owners of businesses in San Diego.

For example, partner San Diego Metropolitan Credit Union has offered city employees preferred financing on consumer electronics and automobile purchases.

"That's a great thing about having a financial institution as a partner—you can help city workers get a decent loan for big-ticket items," Wolff said.

As with any long-running program, San Diego has made some tweaks to its sponsorship program. Below, some of the most noteworthy changes.

#### **Bridge the gap between sponsorship and procurement.**

Although the city's corporate partnership group originally initiated sponsorship sales independently of procurement efforts, San Diego has combined those efforts to gain efficiencies.

The move to officially leverage the Purchasing Division to sign deals with companies that sell products and services to the city, or are interested in doing so, came after San Diego leveraged the procurement department to secure deals with Verizon Wireless and Cardiac Science Corp., which markets defibrillators.

The city's sponsorship staff now works closely with procurement officials to identify potential partners and include marketing opportunities as an add-on in procurement RFPs.

"We were wasting our time putting out requests for sponsorship," Wolff said. "We felt like our time was best served by being part of a larger RFP when the city is purchasing something."

The city has launched the new approach with the bidding process for the maintenance repair and operations supplies category, Wolff said, noting that any potential partnership will include separate contracts, one for procurement and the other for sponsorship.

The city will follow the maintenance repair and operation supplies category with RFPs for the auto parts, electronics and office supply categories.

#### **Facilitate business-building opportunities between**

**sponsors.** Taking a page out of the sponsorship servicing handbook of sports, association and other marketers, San Diego has put more focus on forging business-building opportunities between sponsors.

For example, Verizon Wireless offers discounts to San Diego Metropolitan Credit Union employees.

## **Taking It To The Street**

Below, San Diego's Wolff shares advice for other municipalities considering marketing programs. The tips apply to cities as well as counties, states and other types of government organizations.

**Consolidate sponsorable assets.** Municipalities should develop a plan to encompass multiple departments in the marketing program, ranging from the mayor's office to parks and recreation.

Incorporating all marketing assets into packages helps raise the value and increases salability, Wolff said. "A sponsorship program can't be confined to one department. It has to be a citywide effort."

**Hire a sponsorship consultant.** Wolff credits much of San Diego's success to The Pathfinder Group, the company that helped develop the city's muni marketing program.

"The most important thing the city ever did was hire an outside firm to develop a marketing plan," she said. An outside agency can provide objective advice and is not beholden to a particular department, she added.

"Working with an independent expert helps paint a picture of what the opportunities are for people in city government who don't have sales and marketing experience."

**Develop guidelines.** Once a strategic marketing plan is developed, cities need to develop a sponsorship policy that spells out the program to both internal and external stakeholders, and which can help allay concerns over commercialization, Wolff said.

**Establish a full-time position to manage the program.** To earn the biggest bang for the buck, government entities should hire at least one person dedicated to selling sponsorship and managing relationships.

"There needs to be someone in the middle to be the liaison between corporate partners and government officials," Wolff said.

In the past, SDMCU leveraged its relationship with the city to offer financing for vehicles purchased from McCune Chrysler/Dodge/Jeep, a former city partner.

**Add smaller, community-centric packages.** San Diego this month rolled out a new sponsorship level—community partnerships—that allows companies to demonstrate their support for the city through small cash and in-kind deals.

For example, four companies have teamed up to renovate a fire station, providing \$40,000 worth of goods and services, including tree trimming, removal and abatement, Wolff said.

"Many companies that used to write checks to the city can't do that any more. We're trying to work with them on creative ways to support the community and help us with things that didn't get into the budget. That's huge."

Corporate interest has been high, added Wolff, who is developing similar types of programs with a handful of other companies.

#### **SOURCES**

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Metropolitan Transportation Authority, Tel: 212/878-7000

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